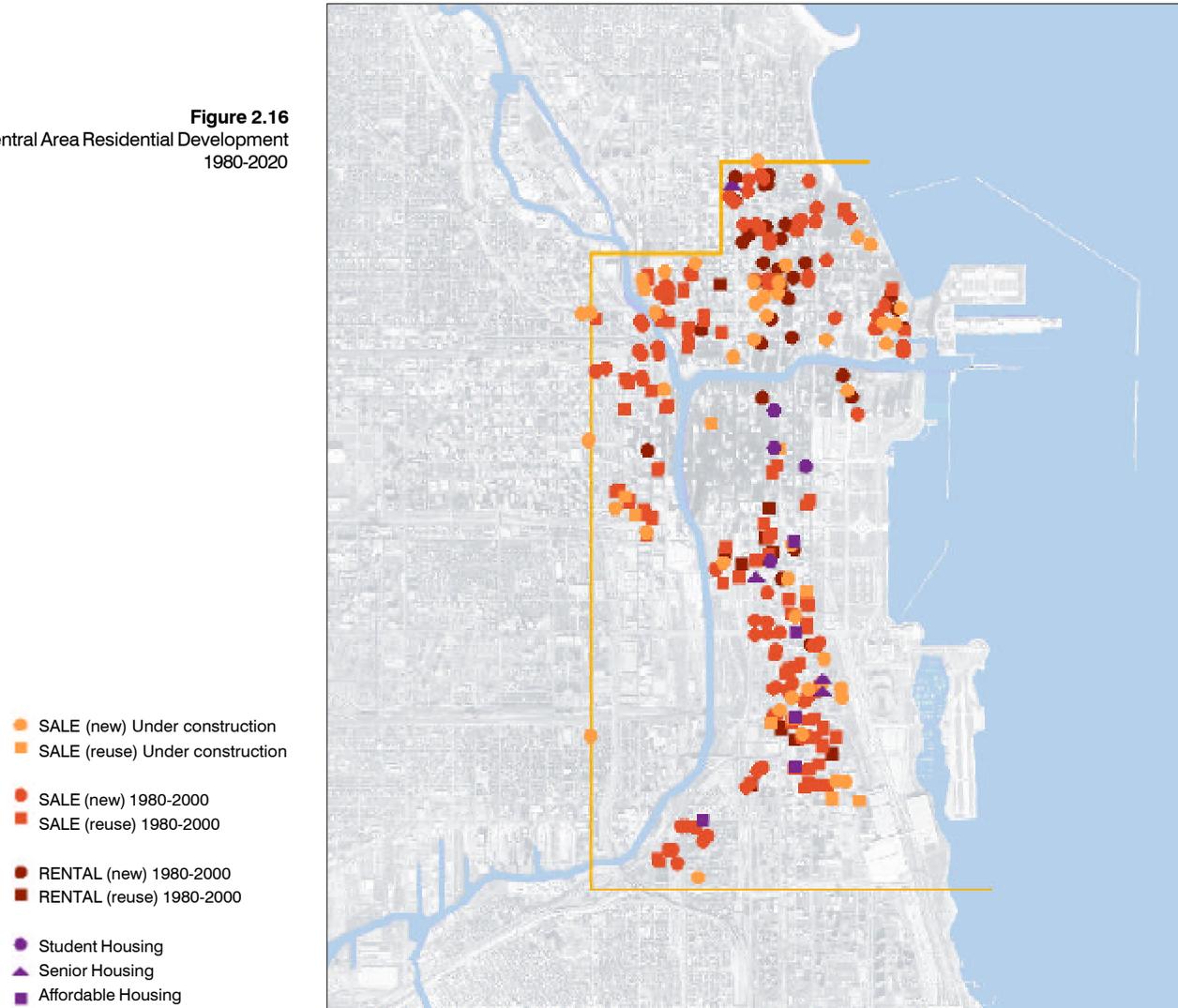


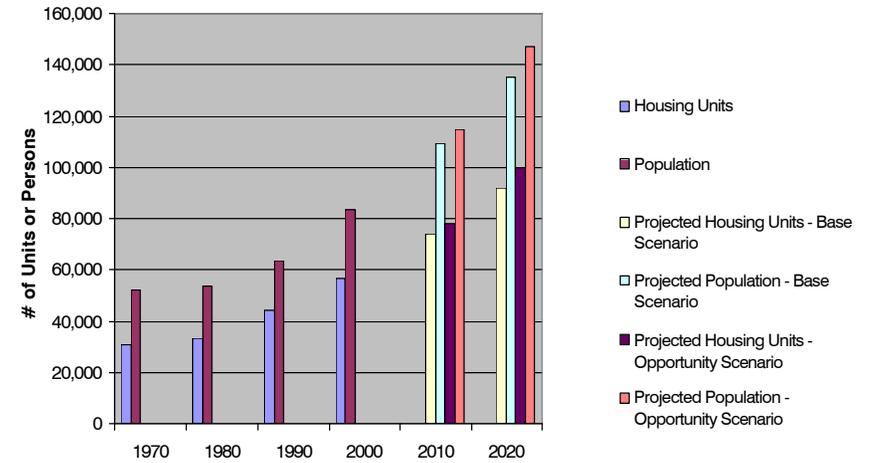
Figure 2.16
Central Area Residential Development
1980-2020



- SALE (new) Under construction
- SALE (reuse) Under construction
- SALE (new) 1980-2000
- SALE (reuse) 1980-2000
- RENTAL (new) 1980-2000
- RENTAL (reuse) 1980-2000
- Student Housing
- ▲ Senior Housing
- Affordable Housing



Table 2.5
Housing Units and Population,
Chicago Central Area, 1970-2020



Population projections assume average household size of 1.47 persons based on 2000 Central Area census results.

A Quality Place to Live: The Residential Sector

The Central Area housing boom will build on the momentum of the 1980's and 1990's

DRAMATIC RESIDENTIAL GROWTH

The surge in the Central Area residential market was one of the most remarkable development trends of the 1990's. Between 1990 and 2000 downtown Chicago had one of the highest residential growth rates of any major U.S. city. It now ranks fourth in downtown population behind New York, Boston, and Philadelphia, and at the current rate of increase will rank second within a few years.

More than 32,000 dwellings were constructed in the Central Area between 1980 and 2000, for a net increase (less demolitions) of 23,000 units. The residential population increased 56% and currently exceeds 83,000. The pace of development continues, with 15,000 units added between 2000 and 2002.

In the 1980's, about four out of five new units were rental, many in large-scale developments financed with federal or state assistance. Presidential Towers alone had nearly 2,500 units. In the 1990's, over half of the new units were in privately financed condominium projects. Shifting demographics, a healthy economy, and low interest rates were important factors in this change.

On average during the 1990's roughly 1,600 dwellings were built annually, for a net increase of 1,300 when demolitions are taken into account. A base growth scenario of 1,800 dwellings annually and an opportunity scenario of 2,200 are projected through 2020. These projections consider absorption history, land availability, product trends, density, and the competitive position of the Central Area relative to other Chicago communities.

CHANGING LAND USE

An important factor in the growth of downtown housing was the creation of stable residential markets south and west of the Loop, and the expansion of the Near North Side housing market south of Chicago Avenue. Many projects in these areas were built on former railroad and industrial land, including Dearborn Park, Illinois Center, Central Station, Kinzie Station, and River East. Adaptive reuse of office and industrial buildings led the way in creating new neighborhoods in the West Loop and River North and diversifying the Loop. Few conversion opportunities remain, leading developers to construct new buildings.

ECONOMIC DIVERSITY

Central Area housing meets the needs of a broad range of household incomes. Much of the new development caters to the affluent, particularly empty nesters. Moderate-income, often younger households tend to be attracted to moderately-priced lofts and condominium conversions. Chinatown and Pilsen continue their long history of providing affordable family housing. Affordable housing, including SROs, senior housing, low-income housing, and tax-credit rentals, remains an important part of Central Area housing stock.

Chicago Housing Authority properties include Hilliard Homes and Ickes Homes, which are being redeveloped as mixed-income communities. Student housing is proliferating, particularly in the South Loop, adding considerably to the vitality of the Central Area.

Downtown residents are not typical of Chicagoans as a whole – they tend to be more affluent and have fewer children. A 1999 study sponsored by the City of Chicago on the demand for downtown housing, "An Analysis of the Market Potential for Residential Development – Central Core Area – Chicago, Illinois", by Tracy Cross and Associates, Inc., concludes that the price of a typical three-bedroom townhome in the Central Area is roughly twice that of a typical suburban home, limiting the appeal of the Central Area to families with children.

Projected Growth : 36,000-44,000 new dwellings, 54,000-64,000 more residents.



Figure 2.17 and Figure 2.18
There was a net increase of 23,000 residential units between 1980 and 2000 in the Central Area.



Figure 2.19
DePaul University



Figure 2.20
Educational institutions have preserved and reused many East and South Loop buildings.

Table 2.6
Post Secondary School Enrollment

School	Tot. Enrollment
DePaul University	10,821
Harold Washington College	9,709
Columbia College	9,000
Roosevelt University	3,600
Northwestern University	3,555
Robert Morris College	2,678
School of the Art Institute	2,500
National-Louis University	1,850
John Marshall Law School	1,350
East-West University	840
International Academy of Merchandizing and Design	815
American Academy of Art	400
Harrington Institute of Interior Design	384
Adler School of Professional Psychology	300
Spartan College	200
Career Colleges of Chicago	155
Institute for Clinical Social Work	100
Chicago School of Professional Psychology	NA
MacCormac College	NA
Sub-total	48,257
University of Illinois-Chicago	25,625
TOTAL (including UIC)	73,882

Source: Individual school administrators, school websites, Goldman Williams Group and Arthur Anderson LLP

A Crossroads of Ideas: The Education Sector

Educational institutions will continue to invest in the Central Area, providing opportunities for life-long learning

The East and South Loop are now home to a major concentration of post-secondary schools. Institutions of higher learning became a major presence in the Central Area during the study period. Currently 22 post-secondary schools are located downtown with a total enrollment of approximately 51,000 students. The University of Illinois at Chicago, located immediately west of the Central Area, adds another 25,000 students for a total of 76,000. The largest concentration of schools are in the portion of the East Loop bounded by Michigan Avenue and Dearborn Street, Madison Street and 14th Street.

Interviews were conducted with administrators at the Central Area institutions likely to experience the highest levels of growth – Columbia College, DePaul University, Roosevelt University, and the School of the Art Institute of Chicago. These interviews revealed:

- Over the next five years, enrollment at these four institutions is expected to increase 34% from the current 25,000 students to more than 34,000.
- Over the next five to 10 years, total square footage is projected to increase 18%, from approximately 4.4 million square feet to more than 5.2 million.
- Over the next five to ten years, the demand for additional dormitory beds is expected to increase 125% from the current 1,300 beds to more than 3,000 beds in order to meet the increase in the 18- to 24-year-old student population.
- Many institutions have purchased or leased lots or buildings that can be developed into classroom, administrative, or dormitory space in order to accommodate anticipated growth and compete in the increasingly competitive downtown real estate market.

Projected Growth : an additional 3-4 million square feet of space by 2020 for classroom, administrative, or dormitory space.

The Marketplace: Retailing in the Central Area

Central Area retailing is poised for growth extending beyond the established Michigan Avenue and State Street shopping districts

Retail growth occurred throughout the Central Area during the 1990's, partly in response to the growing downtown residential population. Retail space increased from 7.2 million square feet in 1990 to 9.2 million in 2000, an average of 200,000 square feet a year. During the period from 1997 to the present more than 3.6 million square feet of retail space were completed, under construction, or in planning throughout the Central Area.

NORTH MICHIGAN AND STATE STREET

Together, North Michigan Avenue and the State Street - Wabash Avenue retail corridors constitute approximately 60% of all retail activity in the Central Area. The two corridors serve distinctly different markets. A survey of 4,700 downtown shoppers conducted for this plan found that Michigan Avenue shoppers were largely U.S. and international visitors while the State Street - Wabash Avenue corridor predominantly served downtown workers and city residents.

New retail developments included the State Street openings of Sears, Borders Books, Old Navy, and the DePaul Center, as well as the North Bridge Mall development on North Michigan Avenue. The largest share of new development (45%) occurred in the North Michigan Avenue corridor, which added approximately 900,000 square feet, including Nordstrom's at 271,000 square feet. The State-Wabash corridor added more than 285,000 square feet between 1991 and 1999, with the new Sears store on State Street adding another 243,000 square feet in 2001. Vacancy rates dropped and rents increased in both districts between 1990 and 1999.

NEW TRENDS

Continuing retail expansion is demonstrated by the 78 new stores that opened in the Central Area between 1999 and 2002. A major new trend is the emergence of convenience shopping to serve new residents – eight new downtown food and drugstores have opened or are under construction. "Big box" retail is anticipated on Roosevelt Road and Cermak Road west of Canal Street on the Near South Side, similar to the type of retail in the North Avenue - Clybourn Street corridor on the North Side.

Projected Growth : Average annual growth of 250,000 to 350,000 square feet is projected through 2020, for a total of 5 to 7 million square feet of new retail space.



Figure 2.21
Specialty shopping districts are emerging, like this one in River North.



Figure 2.22
North Michigan Avenue had the largest share of retail development in the 1990's.



Figure 2.23
State Street continues its tradition as a great retail street with its major anchor stores, the new Sears and Borders, and other new retailers.

Visiting the Central Area: Convention & Hotel Sector

Expansion of McCormick Place, office and tourism growth will continue to bring more visitors to Chicago.

Figure 2.24
The recent expansion of McCormick Place has doubled the number of events, which attract more than 3 million people annually.



The Chicago convention and hotel industries are closely linked. In 2000, 52% of Chicago's hotel traffic was derived from meetings and conventions, 35% from other business travel, and 13% from tourism. Some 35 million people visit Chicago annually, the majority of them on business.

The Central Area's hotel and convention business grew substantially during the study period.

Highlights:

- Since the opening of the South Building in 1996, McCormick Place has retained its place as the nation's largest convention center with over 2.2 million square feet of exhibit space. In order to meet increased demand and compete with other large convention centers in Orlando and Las Vegas, McCormick Place plans to build an additional 800,000 square feet of exhibition and meeting space by 2007.
- Since 1990, the number of events at McCormick Place has roughly doubled, from 40 events annually to more than 80 events in 1999. Attendance has grown commensurately, topping 3 million attendees in 1999.
- Convention and business travel will remain the major drivers of Chicago hotel traffic for the foreseeable future. However, pleasure travel is playing a larger role as the Central Area's attractiveness as a tourist destination increases.
- The inventory of Central Area hotel rooms increased by an average of 300 rooms per year between 1980 and 2000 in response to the growth of McCormick Place, tourism, and the expanding downtown office market. The majority of the growth occurred in recent years, with more than 5,000 hotel rooms built or renovated between 1998 and 2000. Average annual occupancy rose to a record 74% in 2000.
- Thirteen hotel projects totaling more than 5,700 rooms are currently under construction or planned. The majority of projects are in the River North and Streeterville areas and range in size between 250 and 450 rooms. Most of the new rooms are expected to be delivered to market by the end of 2003.

Projected Growth : The Central Area will add 600 to 700 hotel rooms annually for a total of 12,000 to 14,000 by 2020.

A Global Draw: Cultural Attractions

The Central Area's world-class museums and cultural attractions are powerful tourist magnets

Long valued for their contribution to the city's cultural life, Chicago's museums and cultural attractions have assumed increasing importance as tourism destinations over the past 20 years, particularly since 1995. Of Chicago's top 14 tourist attractions, eight are cultural institutions: the Shedd Aquarium, Field Museum, Art Institute, Cultural Center, Chicago Symphony Orchestra, Adler Planetarium, Chicago Children's Museum, and Museum of Broadcast Communications. Between 500,000 and 2.5 million people visit each of these attractions annually. To accommodate the increase in visitors, many of the museums have embarked on expansion programs. Highlights:

- The Adler Planetarium and Astronomy Museum spent \$46 million on building expansion and exhibit improvements. The Planetarium expects to spend another \$5 million in the next five years on further improvements.
- The Art Institute of Chicago is planning a new wing. Tentatively scheduled for completion in 2006, the new wing will contain approximately 250,000 square feet and cost \$175 million.
- The Field Museum invested approximately \$43 million in recent years on the Underground Adventure and Sue the Dinosaur exhibits. The museum expects to spend approximately \$250 million over the next five years on new exhibits, a conservation/environmental initiative, maintenance, technology, and other purposes.
- The John G. Shedd Aquarium is currently in the midst of a \$110 million program to renovate existing facilities and add 45,000 square feet of space. The institution plans to spend another \$110 million by 2012 for further renovations and an additional 45,000 square feet.
- Millennium Park is expected to draw 2.5 to 3 million visitors annually, equal to the combined draw of the Art Institute and the Field Museum.
- The Randolph Street theater district saw the opening or renovation of the Cadillac Palace Theater, the Goodman Theatre, the Oriental Theater/ Ford Center for the Performing Arts and the Chicago Theater. The forthcoming Chicago Music and Dance Theater in Millennium Park will add to this cultural mix and extend the district.
- The Chicago Architectural Foundation has expanded its facilities to serve as a focal point for visitors who come to explore Chicago's rich architectural heritage.

Projected Growth : Central Area cultural institutions will add 85,000 to 100,000 square feet of space annually, a total of 1.7 to 2 million square feet by 2020.



Figure 2.25
The Field Museum and its neighbors on the newly integrated museum campus are major attractions for tourists and residents. Development of the museum campus has dramatically enhanced lakefront public space.

Making and Moving Products: The Industrial Sector

Industrial land close to downtown is essential for warehousing and distribution services

CHANGING LAND USE AND EMPLOYMENT

Central Area employment in traditional industrial and commercial sectors such as manufacturing, transportation, and wholesale trade has fallen to a fraction of the level of 30 years ago. As recently as the 1970's the loft buildings of Printing House Row still housed printing presses, and men's suits were manufactured in the West Loop. All of these buildings have since been torn down or converted to residential or other uses.

FUTURE NEEDS

Despite these changes, industrial land continues to have an important role to play in the Central Area. Downtown businesses are leading consumers of warehousing and distribution services, including overnight package delivery, document storage, printing and binding, food and janitorial services, vehicle depots, and parts distribution. The continuing high rate of downtown construction requires convenient staging areas and building materials transshipment points. The projected growth of the office core and the restaurant and entertainment sector will create additional demand for warehousing and distribution services over the next 20 years.

RETAINING INDUSTRIAL LAND

Goose Island, the Kinzie Industrial Corridor and Pilsen are important centers for distribution, warehousing, and related uses, with rising employment and land prices and low vacancy rates. The Pilsen industrial corridor currently has 186 companies and 11,000 jobs, up from 8,500 jobs in 1998.

As existing industrial properties are converted to other uses, those remaining become increasingly precious. Planned manufacturing districts have been established to preserve industrial areas. The remaining sizable reservoirs of industrial space in the Central Area are:

- the Chicago-Halsted Planned Manufacturing District (PMD), which is anchored by the Tribune Company's Freedom Center printing plant
- the Canal-Desplaines corridor south of Harrison Street. Buffered by railroad tracks on the east and the Dan Ryan Expressway on the west, this corridor is ideal for continued industrial use.

Projected Growth: In the area bounded by Ashland, North Avenue, Lake Michigan and the Stevenson Expressway, there are currently 933 acres of industrial land, containing 272 businesses and 15,590 jobs. To serve the growing downtown business core, it is critical to preserve a minimum of 933 acres for continued industrial, warehousing and distribution use.

Figure 2.26
Printing and distribution in the Central Area



Figure 2.27
Manufacturing on Goose Island



Ensuring Capacity: Utilities

Existing high and low-tech utility service provides the Central Area with a clear advantage over competing business centers

ELECTRIC POWER

Commonwealth Edison is engaged in a multibillion dollar upgrade of its Chicago power distribution grid, with emphasis on the Central Area. To maintain consistent service as demand for power grows, the upgraded system will feature additional substations and greater interconnection between nodes to provide back-up connections. Completion of major substation projects in the optimization program is set for 2007.

The City of Chicago will implement its Energy Management Plan to make Chicago the nation's smartest energy manager, encouraging renewable energy and energy efficient new residential and office construction.

COMMUNICATIONS

The Central Area is well positioned to take advantage of developments in communications technology, notably fiber optics:

- The nation's network of fiber optic cable has been developed primarily along rail rights-of-way, which converge on downtown Chicago. Lines extend throughout downtown using the existing freight tunnels. Numerous operators are actively laying fiber downtown.
- The Central Loop and East Loop are most densely served by the existing fiber network. Fiber is also following the market into the West Loop, South Loop and other areas.
- The fiber optic system will be anchored by a network of telecom hotels, which provide an alternative to the traditional hub-and-spoke (copper wiring) system. One telecom hotel has been built and one is currently under construction.

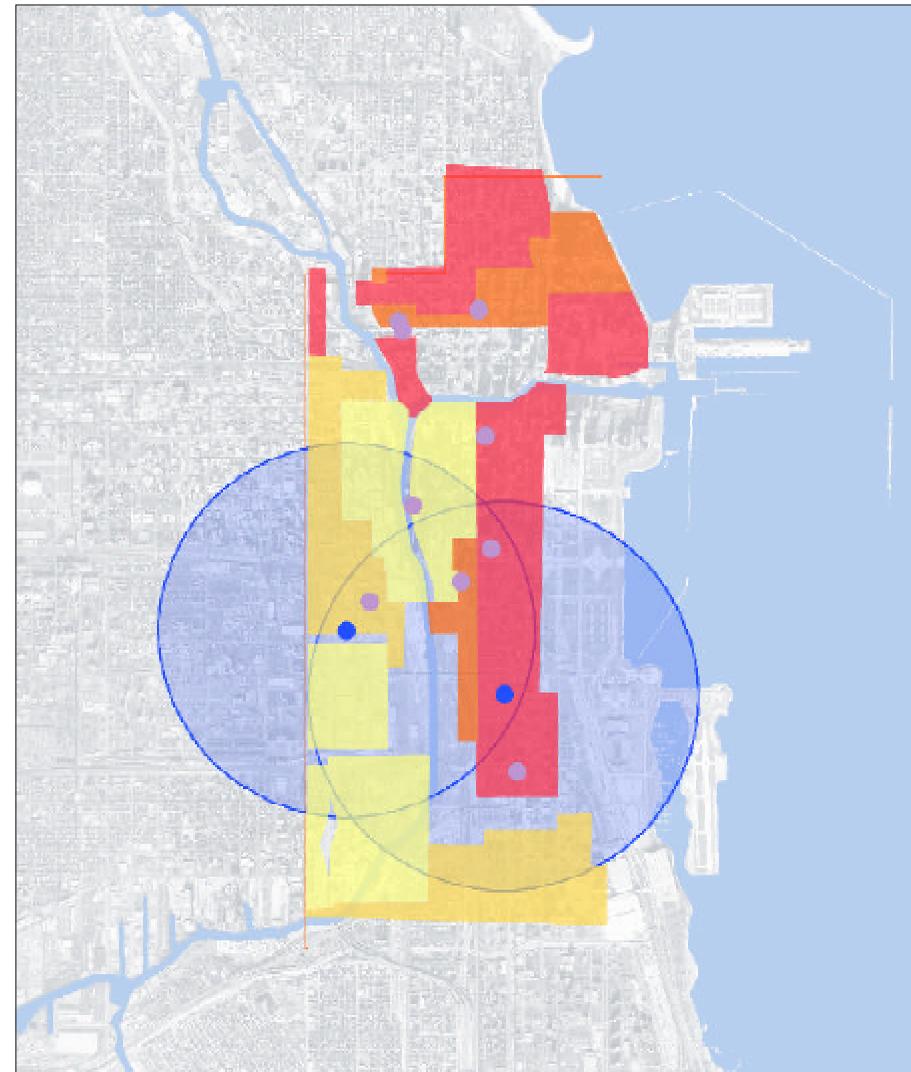


Figure 2.28
Commonwealth Edison is engaged in a multibillion dollar upgrade of its Chicago power distribution grid, with emphasis on the Central Area.

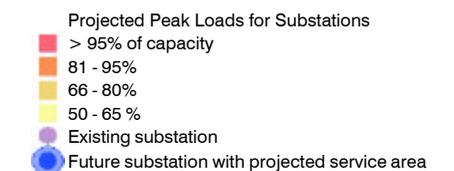
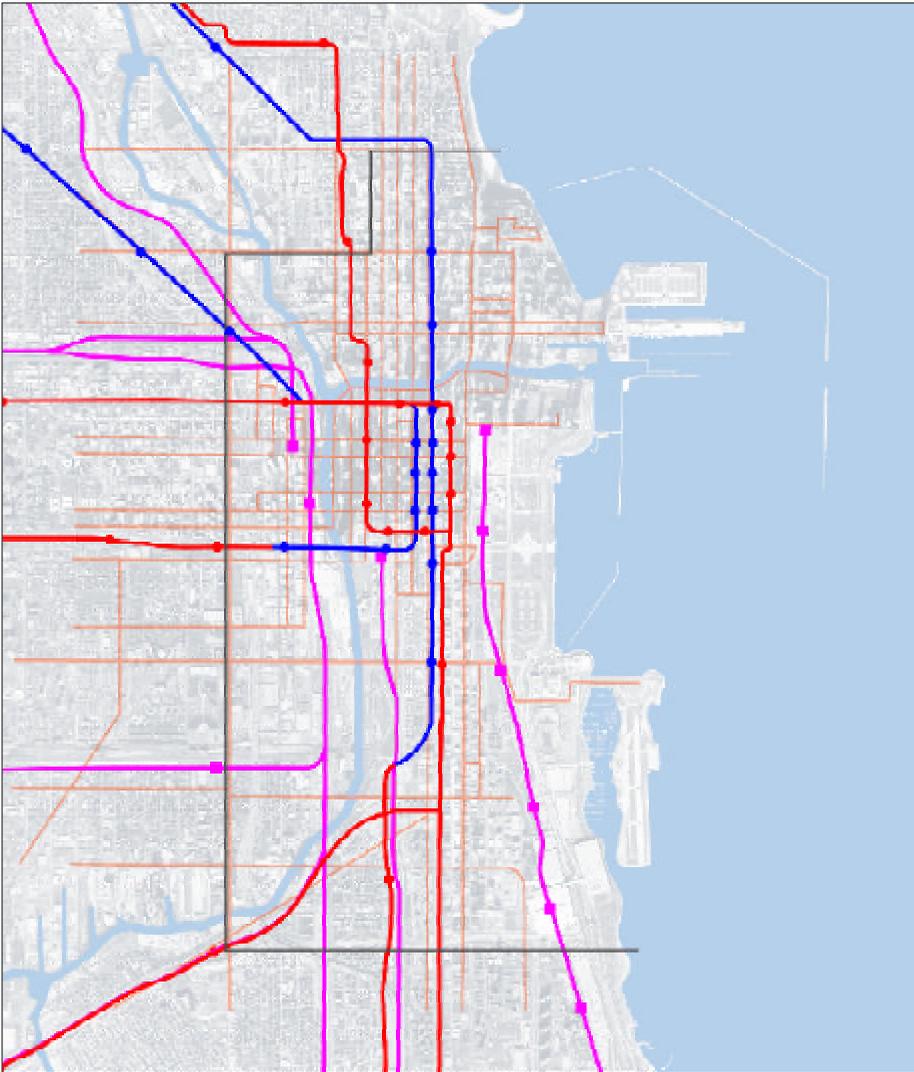


Figure 2.29
Central Area transit today.

- CTA-Elevated
- CTA-Subway
- Metra
- Bus Routes



Getting To and Around the Central Area: The Key Role of Transportation

Growth in the downtown workforce will result in 166,000 to 240,000 additional inbound work trips, an increase of 28% to 41%.

Chicago developed as the transportation hub of the Midwest, first because of its river, lake and canal connections, and next as the nation's railroad center. Commuter rail and the Chicago Transit Authority's rapid transit and bus systems have made it a regional hub, bringing thousands of people to work, shop and play daily. The exceptional transportation infrastructure of the Central Area makes it the ideal place in the region for growth.

CURRENT ASSESSMENT

Currently, 53% of inbound work trips to the Central Area use public transit. The Loop has the most convenient transit access and the most expensive parking – therefore, more people ride transit to work in the Loop than to other Central Area neighborhoods.

More than 39% of Central Area workers arrive by automobile, while just over 7% walk or use alternative transportation modes.

ACCOMMODATING GROWTH

Growth scenarios call for expanding inbound work trips by 28 to 41%. It is critical for Chicago's air quality, economic success and quality of life that a high percentage of these trips use public transit, or alternative modes such as walking or bicycling. Existing roadway capacity is limited, and creating additional or expanded rights-of-way is cost prohibitive and would have adverse environmental impact. The Chicago Department of Transportation's (CDOT) analyses indicate that a significant increase in downtown auto traffic during morning and evening peak periods will result in severe congestion.

Projected growth

CDOT assumes that, conservatively, 58% of workers in 2020 will use mass transit, adding 116,000 to 167,000 new inbound riders – an increase of 38% to 55% above current peak load. This would require an additional 120 to 200 CTA buses, increased CTA rapid transit capacity, and 27-45 new peak hour Metra commuter trains.



Figures 2.30 and 2.31

Today, CTA rail and bus and Metra commuter rail accounts for 53% of inbound work trips. As the Central Area grows, it is critical to increase the use of public transit, walking and alternative modes of transportation in order to avoid gridlock, protect air quality and keep the Central Area livable.

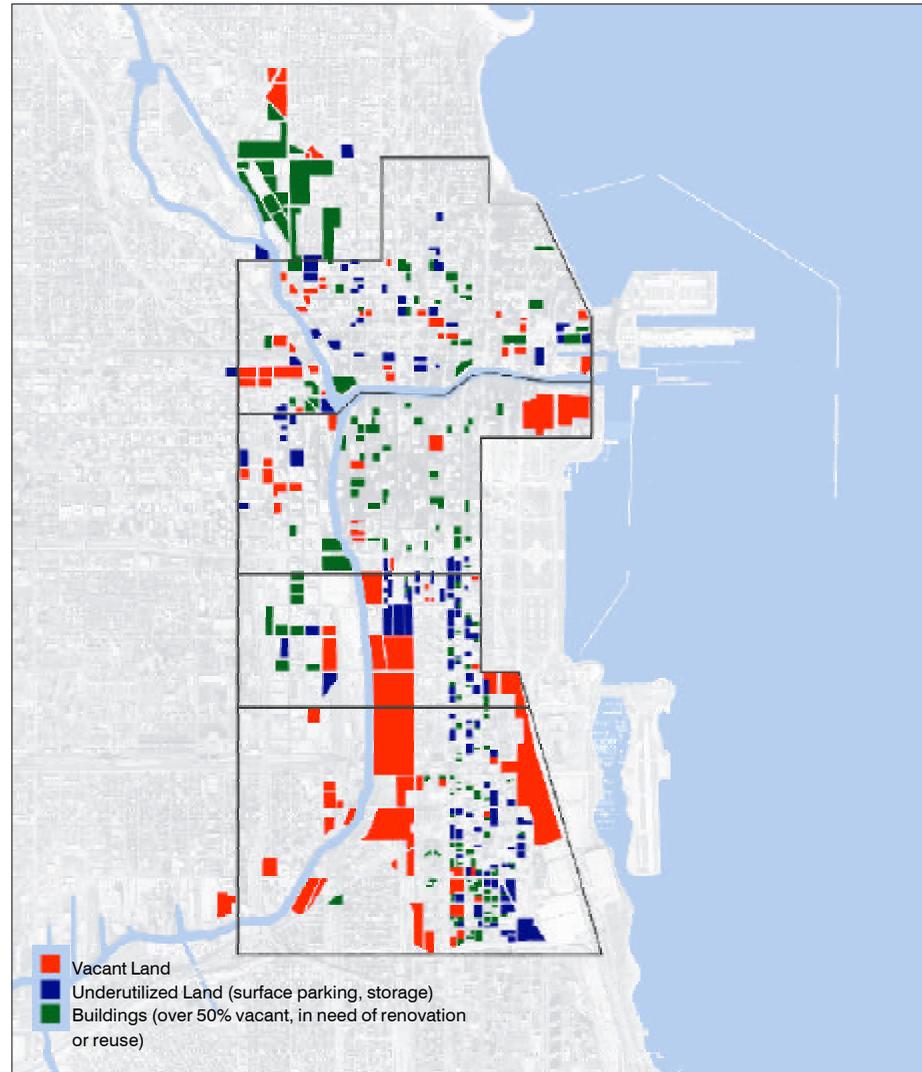


Figure 2.32
Opportunities for Development, 2001-2020



Table 2.7
Allocation of Market Demand by Sector and District

	Study Area Districts					Total
	Near North	Loop W. of River	Loop E. of River	South Loop	Near South	
Percent of Market Demand (Sq. Ft.)						
Office	11%	26%	60%	3%	n/a	100%
Retail	35%	9%	14%	17%	25%	100%
Residential	30%	2.5%	7.5%	15%	45%	100%
Cultural	10%	4%	36%	35%	15%	100%
Convention/Conference	n/a	n/a	n/a	n/a	100%	100%
Post Secondary Education	7%	1.5%	35%	53%	3.5%	100%
Hotel	55%	5%	30%	10%	n/a	100%

BASE DEMAND SCENARIO - AVERAGE ANNUAL ACREAGE DEMAND

Market Segments						
Office	0.3	0.6	0.9	0.2	n/a	2.00
Retail	0.7	0.2	0.3	0.5	0.7	2.40
Residential	1.0	0.1	0.4	1.0	4.4	6.90
Cultural	0.05	0.02	0.2	0.2	0.1	0.57
Convention/Conference	n/a	n/a	n/a	n/a	0.60	0.60
Post Secondary Education	0.01	0.003	0.10	0.30	0.02	0.43
Hotel	0.2	0.03	0.1	0.1	n/a	0.43
TOTAL Avg. Annual Demand Increase (acres)	2	1	2	2	6	13
20 Year Acreage Demand	40	20	40	40	120	260
Total Year 2000 Land Supply (acres)	87	28	58	122	262	557
Build-out by District (years)	44	28	29	61	44	43

OPPORTUNITY DEMAND SCENARIO - AVERAGE ANNUAL ACREAGE DEMAND

Market Segments						
Office	0.5	0.8	1.3	0.2	n/a	2.80
Retail	0.9	0.2	0.4	0.7	1.0	3.20
Residential	1.5	0.2	0.5	1.5	6.2	9.90
Cultural	0.06	0.02	0.2	0.2	0.1	0.58
Convention/Conference	n/a	n/a	n/a	n/a	0.80	0.80
Post Secondary Education	0.02	0.004	0.10	0.40	0.02	0.55
Hotel	0.3	0.04	0.2	0.1	n/a	0.64
TOTAL Avg. Annual Demand Increase (acres)	3	1	3	3	8	18
20 Year Acreage Demand	60	20	60	60	160	360
Total Year 2000 Land Supply (acres)	87	28	58	122	262	557
Build-out by District (years)	29	28	19	41	33	31

Source: Arthur Andersen LLP, Skidmore, Owings, and Merrill LLP, Goodman Williams Group, and City of Chicago, Dept. of Planning
Revised May 21, 2001

Opportunities for Growth

The Central Area has sufficient land to accommodate future development, but it is critical to direct specific types of growth to appropriate districts to create an economically successful, vibrant city. Figure 2.31 shows opportunities for development, and Table 2.7 shows the demand for land by market segment under base and opportunity scenarios. The priorities in directing this growth will be to build upon the strengths of the Central Area's districts, focusing each use into those locations that have the appropriate level of access, compatible existing uses, and will promote quality of life.

THE OPPORTUNITY FOR DEVELOPMENT IN THE CENTRAL AREA

Vacant land, under-utilized land, obsolete and under-occupied buildings combine to offer the opportunity to develop 207 million square feet of new space by 2020.

New development is expected to restore and reuse many older buildings and find creative new uses for historic landmarks throughout the Central Area.

The largest land development opportunities are at former rail yard and industrial sites to the east, south and northwest of the Loop. Underutilized land is concentrated in the South Michigan-Wabash and State street corridor and also found in the South Loop, West Loop and the Near North. The Loop offers larger opportunities for renovation or redevelopment of obsolete or vacant buildings and the sites they stand on. Smaller renovation and redevelopment opportunities are offered in all of the Central Area districts. Development opportunities for service, distribution and light industry exist in planned manufacturing districts and industrial corridors.

THE DEMAND FOR LAND IN THE CENTRAL AREA

The Central Area's various market sectors have sought out locations where infrastructure, amenities and compatible neighbors make their success possible. Demand for office space is greatest in areas adjacent to the existing office core and near public transit, while residential demand is greatest beyond it. Retailers seek out each other, knowing they each benefit from a known shopping destination. Education institutions have developed a shared recognition of the value of older office buildings for their own needs. Distribution and industrial uses are critical to support the growing business district, and land is being reserved for these in industrial corridors and planned manufacturing districts.

Demand for land and space varies by sector in the Near North, the South Loop and Near South side. The Central Area's current land uses indicate clear concentrations by sector. However, a tremendous diversity and mix of uses can be found in each of the Central Area's districts, creating strong places as well as a strong economy.

OFFICE GROWTH : SPECIAL REQUIREMENTS

At first glance, there appears to be ample room for growth. Under the most land-intensive scenario, 360 acres would be required through 2020. Currently 555 acres are available. Sizable tracts are available for residential and mixed-used development.

However, land suitable for high-density office development is limited. Under the most land-intensive scenario, office development will consume 62 acres through 2020. A location convenient to transit lines serving both city and suburbs is essential. Relatively little land remains in the traditional central business district.

The prospects for expansion of the office core north, south and east are limited. The North Michigan Avenue corridor and the East Loop saw weak office demand during the 1990's because they were not convenient to the West Loop commuter stations. Efforts to establish a speculative market for "back office" space south of Congress thus far have not been successful. As a result, the office core has expanded toward the west. Approximately 45% of recent projects have been built in the West Loop and west of the river.

The widely-held view in the development community is that more projects would be built west of the river if the zoning permitted higher density. Currently, the maximum permissible density in much of this district is relatively low, reflecting its industrial past. If greater density were permitted and new transit facilities provided, an estimated 30 percent of projected office demand could be accommodated west of the river.

Figure 2.33

The South Loop and the Near South provide great opportunities for future residential and retail developments as well as continued rail oriented uses.

(View of Roosevelt Road Corridor looking east)

